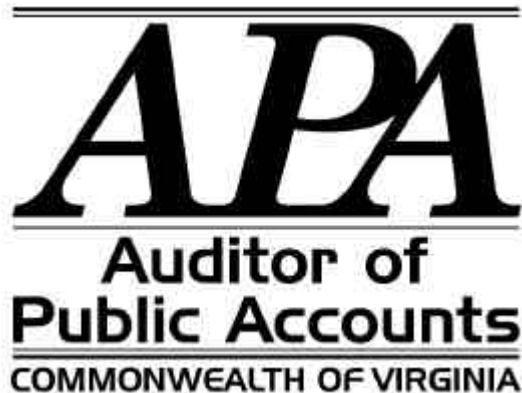


**VIRGINIA COLLEGE BUILDING AUTHORITY
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2001**



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AUTHORITY OFFICIALS

November 29, 2001

The Honorable James S. Gilmore III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Directors
Virginia College Building Authority

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the balance sheet of **Virginia College Building Authority**, a component unit of the Commonwealth of Virginia as of June 30, 2001, and the statement of revenues, expenditures and changes in fund balance, statement of revenues, expenses, and changes in retained earnings, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia College Building Authority as of June 30, 2001, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in those schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

AUDITOR OF PUBLIC ACCOUNTS

MSM/kva
kva:35

VIRGINIA COLLEGE BUILDING AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 As of June 30, 2001

ASSETS AND OTHER DEBITS	Governmental Funds		Proprietary Funds Enterprise	Account Group	Total
	General	Debt Service		General Long-Term Debt	(Memorandum Only)
Current assets:					
Cash and cash equivalents (Note 2)	\$ 46,250,312	\$ 21,936	\$ 74,673,206	\$ -	\$120,945,454
Interest receivable	223,692	331	280,424	-	504,447
Total current assets	46,474,004	22,267	74,953,630	-	121,449,901
Restricted assets:					
Cash and cash equivalents (Note 2)	-	390,384	1,305,323	-	1,695,707
Short-term lease receivable (Note 3)	-	-	22,545,000	-	22,545,000
Long-term lease receivable (Note 3)	-	-	9,165,000	-	9,165,000
Short-term notes receivable (Note 3)	-	-	8,250,000	-	8,250,000
Long-term notes receivable (Note 3)	-	-	241,920,000	-	241,920,000
Interest receivable	-	1,035	4,920,210	-	4,921,245
Discount on bonds	-	-	476,970	-	476,970
Total restricted assets	-	391,419	288,582,503	-	288,973,922
Other debits:					
Amount available for retirement of general long-term debt	-	-	-	276,488	276,488
Amount to be provided for retirement of general long-term debt	-	-	-	257,843,512	257,843,512
Total other debits	-	-	-	258,120,000	258,120,000
Total assets and other debits	46,474,004	413,686	363,536,133	258,120,000	668,543,823
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Due to higher education institutions (Note 6)	518,554	-	74,531,798	-	75,050,352
Interest payable	-	-	4,853,263	-	4,853,263
Accrued interest sold	-	198,096	-	-	198,096
Bonds payable (Note 4)	-	-	30,795,000	-	30,795,000
Allocation payable (Note 5)	5,545,000	-	-	-	5,545,000
Total current liabilities	6,063,554	198,096	110,180,061	-	116,441,711
Long-term liability:					
Bonds payable (Note 4)	-	-	251,085,000	258,120,000	509,205,000
Total liabilities	6,063,554	198,096	361,265,061	258,120,000	625,646,711
Fund equity:					
Retained earnings	-	-	2,271,072	-	2,271,072
Fund balance:					
Unreserved - designated	-	193,323	-	-	193,323
Unreserved - undesignated	40,410,450	22,267	-	-	40,432,717
Total fund equity	40,410,450	215,590	2,271,072	-	42,897,112
Total liabilities and fund equity	\$ 46,474,004	\$ 413,686	\$ 363,536,133	\$ 258,120,000	\$668,543,823

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA COLLEGE BUILDING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended June 30, 2001

	General Fund	Debt Service Fund	Total (Memorandum Only)
Revenues:			
Interest on investments	\$ 1,431,684	\$ 81,310	\$ 1,512,994
Appropriations from the Commonwealth	-	31,033,785	31,033,785
Total revenues	1,431,684	31,115,095	32,546,779
Expenditures:			
Debt service:			
Principal retirement	-	21,520,000	21,520,000
Interest and fiscal charges	-	9,555,169	9,555,169
Current:			
Legal and financial services	88,165	106,323	194,488
Bond rating fees	-	55,000	55,000
Printing and electronic distributions	-	10,962	10,962
Equipment allocation	52,021,141	-	52,021,141
Disbursement to higher education institutions	18,881,994	-	18,881,994
Miscellaneous	-	2,252	2,252
Total expenditures	70,991,300	31,249,706	102,241,006
Deficiency of revenues under expenditures	(69,559,616)	(134,611)	(69,694,227)
Other financing sources (uses):			
Proceeds from the sale of bonds	67,061,654	128,779	67,190,433
Transfers among funds	18,910	(18,910)	-
Total other financing sources (uses)	67,080,564	109,869	67,190,433
Deficiency of revenue and other financing sources under expenditures and other uses	(2,479,052)	(24,742)	(2,503,794)
Fund balance, July 1, 2000	42,889,502	240,332	43,129,834
Fund balance, June 30, 2001	\$ 40,410,450	\$ 215,590	\$ 40,626,040

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA COLLEGE BUILDING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUND

For the Year Ended June 30, 2001

Revenues:	
Interest on investments	\$ 78,600
Interest on bonds	11,172,171
Lease income	1,904,816
Original issue premium	<u>424,553</u>
Total operating revenues	<u>13,580,140</u>
Expenses:	
Interest on bonds	12,941,757
Legal and financial services	151,487
Printing services	6,813
Bond rating fees	2,212
Underwriters' discount	219,976
Other	<u>2,933</u>
Total operating expenses	<u>13,325,178</u>
Net income	254,962
Retained earnings, July 1, 2000	<u>2,016,110</u>
Retained earnings, June 30, 2001	<u><u>\$2,271,072</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA COLLEGE BUILDING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended June 30, 2001

Cash flows from operating activities:	
Interest on cash equivalents	\$ 5,110,634
Payments to vendors for goods and services	(160,512)
Other expenses	<u>(2,933)</u>
Net cash provided by operating activities	<u>4,947,189</u>
Cash flows from capital and related financing activities:	
Receipt of payments on leased equipment	29,386,655
Receipt of principal payments on notes	5,412,834
Receipt of interest on notes	6,420,350
Bond proceeds	83,662,092
Payment of principal on bonds	(32,320,000)
Payment of interest on bonds	(12,068,196)
Payments to institutions	<u>(76,688,549)</u>
Net cash used for capital and related financing activities	<u>3,805,186</u>
Net increase in cash and cash equivalents	8,752,375
Cash and cash equivalents, July 1, 2000	<u>67,226,154</u>
Cash and cash equivalents, June 30, 2001	<u>\$ 75,978,529</u>
Reconciliation of operating income to net cash provided by operating activities:	
Net income	\$ 254,962
Adjustments to reconcile operating income to net cash provided by operating activities:	
Interest on leases	(2,481,655)
Interest received on notes	(6,420,350)
Interest paid on bonds	12,068,196
Amortization of premium	(2,566)
Amortization of discount	29,352
Original issue premium	(872,068)
Underwriters' discount	219,976
Principal received on notes	(5,412,834)
Payments to institutions	76,688,549
Increase in notes receivable	(77,595,000)
Decrease in interest receivable (Leases)	576,839
Decrease in interest receivable (Cash equivalents)	90,857
Increase in interest receivable (Bonds)	(1,371,174)
Increase in interest payable	846,775
Increase in payments due to higher education institutions	<u>8,327,330</u>
Net cash provided by operating activities	<u>\$ 4,947,189</u>

The accompanying Notes to Financial statements are an integral part of this statement.

VIRGINIA COLLEGE BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia College Building Authority (the Authority) was created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia. The Authority is a public body corporate and political subdivision, agency, and instrumentality of the Commonwealth. Under this chapter, the Authority is authorized to issue revenue bonds and notes to finance: (1) capital projects under the Authority's Pooled Bond Program; (2) capital projects under the Authority's 21st Century Program; and (3) instructional and research equipment under the Authority's Equipment Program, all for public institutions of higher education of the Commonwealth.

Under the Pooled Bond Program, the Authority issues its bonds and uses the proceeds thereof to purchase notes of public institutions of higher education in the Commonwealth. Proceeds are used by the institutions to finance or refinance capital projects approved by the General Assembly. Authority bonds issued under the Pooled Bond Program are secured by payments on the notes to which the institutions have pledged their general revenues. Pooled Bond Program bonds have been issued under a Master Indenture of Trust dated as of September 1, 1997 (the 1997 Indenture).

Under the 21st Century Program, bonds are issued under the Master Indenture of Trust dated December 1, 1996 (the 1996 Indenture), which provides for the payment of debt service from amounts to be appropriated by the General Assembly through a payment agreement between the Authority and the Treasury Board. Title to the capital projects financed remains with the Commonwealth.

Prior to 1999, bonds under the Equipment Program were issued under the Authority's Master Indenture of Trust dated March 1, 1994 (the 1994 Indenture). The 1994 Indenture provides for equipment under the Program to be owned by the Authority and leased to the public institutions of higher education. Lease agreements provide for the payment of rentals from the institutions in the aggregate amounts necessary to pay debt service on the bonds, subject to appropriation by the General Assembly. Authorization for the Equipment Program in the 1998 Appropriation Act eliminated the requirement for leases and authorized bonds to finance equipment to be issued with other obligations of the Authority. Accordingly, in 1999, the Authority consolidated the Equipment and 21st Century Programs for issuance purposes, issuing bonds for both programs under the 1996 Indenture.

Pursuant to the Educational Facilities Authority Act, Chapter 3.3 of Title 23, Code of Virginia, the Authority is authorized to issue revenue bonds and notes and to use the proceeds thereof to finance educational facilities projects through loans to private, non-profit institutions of higher education within the Commonwealth. Such financings are not obligations of the Commonwealth, but are limited obligations of the Authority payable solely from loan payments made by the higher education institutions. This indebtedness, therefore, is not

included in the financial statements. Total debt outstanding under this program at June 30, 2001, was \$268,490,000. Detailed information for this program is presented in Schedule 2 in the Supplementary Information section following the Notes to Financial Statements.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Authority is a component unit of the Commonwealth of Virginia and is included in the general-purpose financial statements of the Commonwealth.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant policies.

B. Basis of Accounting

The Governmental Fund types are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available to finance current expenditures and expenditures are recognized when incurred.

The Enterprise Fund is presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenditures are recognized when they are incurred. The cash basis of accounting is used during the year and reports are prepared on the accrual basis and the modified accrual basis at the end of the fiscal year by the Authority.

C. Fund Accounting

The accounts of the Authority are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Authority resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The individual funds are grouped, in the financial statements in this report, into two fund types as discussed below.

Governmental Funds:

General Fund

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. For the Authority, this includes the receipt and disbursement of bond proceeds issued under the 1996 Indenture, which includes bonds for the 21st Century College Program and the Equipment Program.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Debt Service funds consist of bond funds and issuance expense funds. The funds were established in accordance with the provisions of the 1996 Indenture with The Bank of New York for the 21st Century College Program and, since their consolidation in 1999, the Equipment Program revenue bonds issued by the Authority.

Enterprise Fund

The Enterprise Fund accounts for transactions related to resources received and used for financing self-supporting activities of the Authority. Operations are accounted for in a manner similar to a private business enterprise. Included in this fund are the outstanding bonds issued under the Authority's Equipment Leasing Program under the 1994 Indenture and the Authority's Pooled Bond Program.

D. Account Group

The General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal of general long-term debt. Bonds payable reported in the General Long-Term Debt Account Group consists of unmatured principal on bonds issued by the Authority under the 1996 Indenture.

E. Total Columns

Total columns on the financial statements are captioned "Total Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Bond Issuance Costs, Premiums, and Discounts

Costs associated with issuing debt are expensed in the year incurred. The original issue premium or discount for each bond issuance is also expensed in the year incurred unless it exceeds one percent of the amount of the bonds issued. In that case, the original issue premium or discount is deferred and amortized on a straight-line basis over the life of the outstanding debt.

G. Budget to Actual Statement

The Authority does not prepare a budget due to the nature of activity accounted for by the Authority. Therefore, a Statement of Revenues, Expenditures, and Changes in Balances – Budget to Actual is not included in the financial statements.

2. CASH AND INVESTMENTS

The Bank of New York and SunTrust Bank hold certain deposits and investments of the Authority as trustees. Other funds of the Authority are invested in the State Treasurer's Local Government Investment Pool. Cash is defined as demand deposits, time deposits, and certificates of

deposit in accordance with Section 2.1-329 of the Code of Virginia. Cash equivalents are defined as investments with an original maturity of less than three months.

Deposits held by trustees are collateralized in accordance with the Trust Subsidiary Act, Section 6.1-32.8 et seq. of the Code of Virginia. Under the Act, the affiliate bank delivers securities to the trust department as collateral that is at least equal to the market value of the trust funds held on deposit in excess of amounts insured by federal deposit insurance.

Under a Master Indenture of Trust dated March 1, 1994, SunTrust Bank, successor to Crestar Bank as trustee, is authorized to invest in the following instruments: government obligations; government certificates; bonds, notes, and other evidences of indebtedness of the Commonwealth, any locality of the Commonwealth, or any agency of the United States of America; savings accounts, time deposits, certificates of deposit, or other interest bearing accounts of any bank or other financial institution that is approved for the deposit of funds of the Commonwealth that are secured in accordance with Section 2.1-329 of the Code of Virginia; money market funds permitted by Section 2.1-328 of the Code of Virginia; units in any pool or pools of investments created under the Government Non-Arbitrage Investment Act; commercial paper permitted by Section 2.1-328.1 of the Code of Virginia; and bankers acceptances permitted by Section 2.1-328.3 of the Code of Virginia. At June 30, 2001, SunTrust Bank held \$40,969 in cash and investments for the Authority.

Under a Master Indenture of Trust dated December 1, 1996, The Bank of New York, successor to Signet Bank as trustee, is authorized to invest in the following investments in addition to those noted above: bonds, notes, and other obligations issued or guaranteed by the United States government; bonds, notes, and other evidences of indebtedness of any state of the United States of America or any locality of any state of the United States of America that meet the requirements of Code of Virginia Sections 2.1-327 and 2.1-328A.3; and investments made pursuant to the Investment of Public Funds and Local Government Investment Pool Act. At June 30, 2001, The Bank of New York maintained \$122,509,122 in cash and investments for the Authority.

Details of the Authority's investments are presented below. At June 30, 2001, the Authority's investments were held in the Local Government Investment Pool, the State Non-Arbitrage ProgramSM, or other money market funds which are not categorized by credit risk since they are not evidenced by securities that exist in physical or book entry form.

	Carrying <u>Value</u>	Market <u>Value</u>
Cash and cash equivalents:		
State Non-Arbitrage Program SM (1)	\$120,968,280	\$120,968,280
Local Government Investment Pool (2)	91,070	91,070
Other Money Market Funds (3)	<u>1,581,811</u>	<u>1,581,811</u>
Total cash and cash equivalents	<u>\$122,641,161</u>	<u>\$122,641,161</u>

(1) The Virginia State Non-Arbitrage ProgramSM (SNAPSM) offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository, and arbitrage rebate calculation services. SNAPSM is an external investment pool registered under the Investment Company Act of 1940.

(2) The Local Government Investment Pool (LGIP) enables governmental entities to maximize their return on investments by providing for a state-administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The

LGIP is not registered with the SEC as an investment company, but maintains a policy to operate in a manner consistent with the SEC's Rule 2a7.

- (3) The Authority invests certain short-term cash balances held within its accounts in open-ended mutual funds registered under the Investment Company Act of 1940. These funds maintain a policy of investing all their assets in U.S. Treasury obligations and repurchase agreements backed by those obligations.

3. LEASES AND NOTES RECEIVABLE

Under the Authority's Equipment Leasing Program, lease payments made by the public institutions of higher education under the terms of lease agreements between the Authority and the institutions provide for the payment of debt service on the Equipment Leasing Bonds issued prior to 1999. Under the Authority's Pooled Bond Program, note payments made by the public institutions of higher education under the terms of note agreements between the Authority and the institutions provide for the payment of debt service on the pooled bonds. A summary of future minimum lease and note payments due from the institutions is as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 30,795,000	\$ 13,868,920	\$ 44,663,920
2003	18,385,000	12,531,462	30,916,462
2004	9,620,000	11,691,036	21,311,036
2005	10,055,000	11,268,012	21,323,012
2006	10,485,000	10,810,863	21,295,863
2007 - 2021	<u>202,540,000</u>	<u>82,072,120</u>	<u>284,612,120</u>
Total	<u>\$ 281,880,000</u>	<u>\$ 142,242,413</u>	<u>\$ 424,122,413</u>

4. LONG-TERM INDEBTEDNESS

Annual Requirements to Amortize Long-Term Debt

The following schedule provides the annual debt service requirements on the Authority's debt outstanding at June 30, 2001. Details regarding individual bond issuances are presented in Schedule 1 in the Supplementary Information section following the Notes to Financial Statements.

Enterprise Fund

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 30,795,000	\$ 13,868,920	\$ 44,663,920
2003	18,385,000	12,531,462	30,916,462
2004	9,620,000	11,691,036	21,311,036
2005	10,055,000	11,268,012	21,323,012
2006	10,485,000	10,810,863	21,295,863
2007-2021	<u>202,540,000</u>	<u>82,072,120</u>	<u>284,612,120</u>
Total	<u>\$ 281,880,000</u>	<u>\$ 142,242,413</u>	<u>\$ 424,122,413</u>

General Long-Term Debt Account Group

Year Ending June 30,	Principal	Interest	Total
2002	\$ 34,025,000	\$ 12,160,026	\$ 46,185,026
2003	34,935,000	11,246,679	46,181,679
2004	36,720,000	9,470,741	46,190,741
2005	29,235,000	7,601,146	36,836,146
2006	6,785,000	6,058,784	12,843,784
2007-2021	<u>116,420,000</u>	<u>41,595,687</u>	<u>158,015,687</u>
Total	<u>\$258,120,000</u>	<u>\$ 88,133,063</u>	<u>\$346,253,063</u>

Changes in Long-Term Debt

The following schedule is a summary of changes in long-term debt of the Authority for the year ended June 30, 2001.

	Enterprise Fund	General Long-Term Debt Account Group
Bonds payable at July 1, 2000	\$231,190,000	\$213,845,000
Bonds issued	83,010,000	65,795,000
Bonds redeemed	<u>(32,320,000)</u>	<u>(21,520,000)</u>
Bonds payable at June 30, 2001	<u>\$281,880,000</u>	<u>\$258,120,000</u>

5. ALLOCATION PAYABLE

During fiscal year 2001, the General Assembly appropriated \$49,297,100 for the purchase of equipment at public institutions of higher education. The Authority is committed by this appropriation to pay the equipment costs from its cash and investments. Institutions purchased and obtained reimbursement for \$22,324,126 in equipment, relating to this appropriation during the fiscal year, leaving \$26,972,974 of this allocation outstanding at June 30, 2001. A portion of this allocation payable is presented in the General Fund, which represents the amount that is currently due and payable.

In addition, the institutions purchased and obtained reimbursement for \$31,836,371 of equipment relating to a prior year's appropriation by the General Assembly.

6. DUE TO HIGHER EDUCATION INSTITUTIONS

Bonds were issued under the Pooled Bond Program and the proceeds of these bonds were used to purchase institutional notes from various higher education institutions. These institutions in turn will use the proceeds of the notes to finance capital projects. Therefore, the unspent portion of the note proceeds still held by the trustee at June 30, 2001 in the Enterprise Fund is reflected as "Due to higher education institutions." Amounts reflected as "Due to higher education institutions" in the General Fund represent normal year-end payables to institutions as a result of on-going operations.

7. SUBSEQUENT EVENTS

The Virginia College Building Authority sold \$65,170,000 of Educational Facilities Revenue Bonds (the Regent University Project), Series 2001 under the private college program. The bonds were dated June 15, 2001, sold on June 27, 2001, and delivered on July 10, 2001. The proceeds were loaned to Regent University and are secured by a general obligation pledge of the University and a promissory note executed by the University under a loan agreement between the Authority and the University.

The Authority sold \$43,000,000 of Educational Facilities Revenue Bonds (The Washington and Lee University Project), Series 2001 under the private college program. The bonds were dated June 1, 2001, sold on June 29, 2001, and delivered on July 18, 2001. The proceeds were loaned to Washington and Lee University and are secured by a promissory note executed by the University under a loan agreement between the Authority and the University.

The Authority sold \$69,365,000 of Educational Facilities Revenue Bonds (the Public Higher Education Financing Program), Series 2001A under its Pooled Bond Program. The bonds were dated October 1, 2001, sold on October 10, 2001, and delivered on October 31, 2001. The proceeds of these bonds will be used to purchase institutional notes from higher education institutions. The institutions will in turn use the proceeds of the notes to finance capital projects.

8. SURETY BOND

Mary G. Morris, Treasurer of Virginia and Treasurer of the Authority at June 30, 2001, was covered under a Faithful Performance Duty Bond in the amount of \$500,000 with the Fidelity and Deposit Company of Maryland as surety.

Certain employees of the State Treasury are responsible for maintaining the accounting records of the Authority. Such employees, as well as parties acting on behalf of the Authority, such as Authority board members, were covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of the Treasury, Division of Risk Management with liability limits of \$500,000 for each occurrence.

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
DETAIL OF LONG-TERM INDEBTEDNESS
As of June 30,2001
(Dollars in Thousands)

Schedule 1

Detail of Long-Term Indebtedness by Series

	Dated	Bond	True Interest	Amount	Institutional	Outstanding	Issued	Outstanding	Original
	Date	Program	Cost ("TIC")	Issued	Notes	July 1,	(Retired)	June 30,	Maturity
					Purchased	2000	During	2001	
							Year		
Series 1995	5/1/95	ELP	4.62%	\$ 24,680	\$ -	\$ 5,350	\$ (5,350)	\$ -	8/1/00
Series 1996	5/1/96	ELP	4.56%	25,150	-	10,775	(5,265)	5,510	8/1/01
Series 1996	12/1/96	21st Century	5.18%	53,160	-	49,065	(1,895)	47,170	8/1/16
Series 1997	5/1/97	ELP	4.63%	38,905	-	16,175	(7,890)	8,285	2/1/02
Series 1997A	9/15/97	Pooled	5.05%	55,765	55,765	52,490	(2,040)	50,450	9/1/17
Series 1998	5/1/98	ELP	4.34%	38,875	-	26,315	(8,400)	17,915	2/1/03
Series 1998	6/1/98	21st Century	4.85%	54,785	-	52,930	(1,935)	50,995	8/1/17
Series 1998A	10/1/98	Pooled	4.56%	50,735	50,735	48,885	(1,910)	46,975	9/1/18
Series 1999	6/1/99	21st Century/Equip.	4.44%	59,495	-	50,950	(8,420)	42,530	2/1/19
Series 1999A	10/15/99	Pooled	5.62%	71,200	71,200	71,200	(1,465)	69,735	9/1/19
Series 2000	6/1/00	21st Century/Equip.	5.49%	60,900	-	60,900	(9,270)	51,630	2/1/20
Series 2000A	11/1/01	Pooled	5.17%	83,010	83,010	-	83,010	83,010	9/1/20
Series 2001	5/1/01	21st Century/Equip.	4.40%	65,795	-	-	65,795	65,795	2/1/21
Total				\$ 682,455	\$ 260,710	\$ 445,035	\$ 94,965	\$ 540,000	

Detail of Long-Term Indebtedness by Program

	Amount	Institutional	Outstanding	Issued	Outstanding
	Issued	Notes	July 1,	(Retired)	June 30,
		Purchased	2000	During	2001
				Year	
Equipment Leasing Program (ELP)	\$ 127,610	\$ -	\$ 58,615	\$ (26,905)	\$ 31,710
21st Century College Program	159,165	-	134,185	44,275	227,275
Pooled Bond Program	260,710	260,710	172,575	77,595	250,170
Equipment Program	134,970	-	79,660	-	30,845
Total	\$ 682,455	\$ 260,710	\$ 445,035	\$ 94,965	\$ 540,000

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF OUTSTANDING BOND ISSUES FOR
PRIVATE COLLEGES AND UNIVERSITIES

Schedule 2

As of June 30, 2001

(Dollars in Thousands)

College/University	Series	Dated Date	Yield*	Amount Originally Issued	Amount of Notes Purchased	Outstanding July 1, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Original Final Maturity
Hampden-Sydney College	1992	1/15/92	6.49%	\$ 10,840	\$ 10,840	\$ 630	\$ (305)	\$ 325	9/1/16
	1998	4/1/98	5.08%	13,340	13,340	12,815	(285)	12,530	9/1/18
Hampton University	1992	4/1/92	6.71%	6,660	6,660	845	(410)	435	4/1/08
	1993	5/15/93	5.85%	22,640	22,640	19,420	(955)	18,465	4/1/14
	1998	12/1/98	4.55%	10,745	10,745	10,165	(310)	9,855	4/1/18
	2000	2/15/00	5.90%	21,500	21,500	21,500	(530)	20,970	4/1/20
Marymount University	1992	7/1/92	7.11%	16,880	16,880	930	(290)	640	7/1/22
	1998	11/1/98	5.08%	26,015	26,015	25,940	(340)	25,600	7/1/28
Randolph Macon College	1998	4/1/98	4.59%	9,830	9,830	9,830	-	9,830	3/1/13
University of Richmond	1992	10/15/92	6.16%	16,125	16,125	16,125	-	16,125	11/1/12
	1994	6/1/94	VAR	17,000	17,000	17,000	-	17,000	11/1/19
	1996	8/7/96	VAR	22,500	22,500	22,500	-	22,500	11/1/26
	1999	11/1/99	VAR	15,400	15,400	15,400	-	15,400	11/1/22
Roanoke College	1992	10/15/92	6.67%	5,190	5,190	3,995	(210)	3,785	10/15/12
Shenandoah University	1999	12/22/99	VAR	9,700	9,700	9,700	-	9,700	10/1/29
Washington & Lee University	1990A	1/15/90	7.09%	5,945	5,945	2,250	(505)	1,745	1/1/04
	1992	1/15/92	6.44%	8,390	8,390	430	(100)	330	1/1/12
	1994	6/1/94	5.97%	40,500	40,500	31,425	(375)	31,050	1/1/24
	1998	4/1/98	5.09%	52,205	52,205	52,205	-	52,205	1/1/31
Virginia Wesleyan College	1990	11/15/90	7.22%	2,500	2,500	335	(335)	-	11/1/00
				<u>\$ 333,905</u>	<u>\$ 333,905</u>	<u>\$ 273,440</u>	<u>\$ (4,950)</u>	<u>\$ 268,490</u>	

*"Yield" refers to the NIC in most cases, to the TIC when available, and to the ARB Yield in other cases.

VIRGINIA COLLEGE BUILDING AUTHORITY
Richmond, Virginia

BOARD MEMBERS
As of June 30, 2001

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